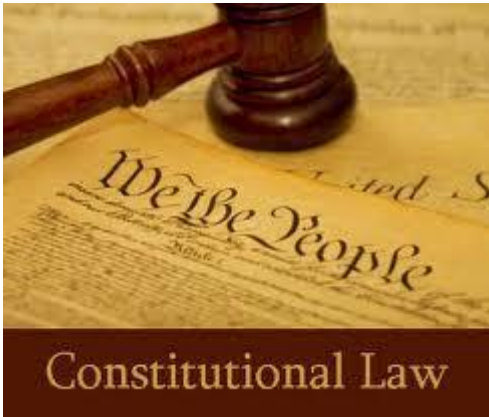


14 Business Law

Our legal system is based on English common law. Over time, the evolution of a court system has allowed for the recording of judicial opinions which became precedents for future, similar cases. The case law that has developed is known as common law. Our common law actually includes case law and English law prior to



the American Revolution. Our common law also includes published court opinion in the United States. Based upon the concept of precedent (*stare decisis*), a court would decide a similar legal issue consistent with an earlier court's ruling. The goal of common law is consistency.

In addition to common law, **constitutional law** is derived from the United States Constitution and the accompanying Bill of Rights.

Constitutional law is the highest form of law and prevails over any other form. **Statutory law** is law that has been enacted by legislative bodies at either the federal (congressional acts) or state (statutory) level. Federal law supersedes or takes precedent over state law. The Supreme Court may declare a statute, state, or federal law unconstitutional.



There are also various administrative agencies that promulgate **regulatory law**.

The regulatory agencies have been created by Congress, and some agencies have been given rule-making authority. A statute prevails over a conflicting regulation. The President of the United States also has limited powers to issue **executive orders** provided the orders relate to an Act of Congress or the Constitution.

A federal statute prevails over a conflicting executive order.

